

**ASSEMBLY BILL**

**No. 1095**

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**Introduced by Assembly Member Parra**

February 23, 2007

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An act to amend Section 18709 of the Revenue and Taxation Code, relating to taxation, and declaring the urgency thereof, to take effect immediately.

LEGISLATIVE COUNSEL'S DIGEST

AB 1095, as introduced, Parra. Taxation: contributions: California Military Family Relief Fund.

Under the Personal Income Tax Law, individual taxpayers are allowed to contribute amounts in excess of their tax liability for the support of specified funds or accounts, including, among others, the California Military Family Relief Fund. That law provides for the repeal of the contribution provisions for this account on either January 1, 2010, or on January 1 of an earlier calendar year if the Franchise Tax Board estimates that the annual contribution amount will be less than \$250,000 for the 2006 calendar year, or an adjusted amount based on an inflation factor each year thereafter, as described.

This bill would reduce the annual contribution amount for each calendar year beginning with calendar year 2007, to \$200,000, and would delete the requirement that this amount be adjusted based on an inflation factor each year thereafter.

This bill would declare that it is to take effect immediately as an urgency statute.

Vote:  $\frac{2}{3}$ . Appropriation: no. Fiscal committee: yes.  
State-mandated local program: no.

*The people of the State of California do enact as follows:*

SECTION 1. Section 18709 of the Revenue and Taxation Code is amended to read:

18709. (a) This article shall, subject to subdivision (b), remain in effect only until January 1, 2010, and as of that date is repealed, unless a later enacted statute, that is enacted before January 1, 2010, deletes or extends that date.

(b) (1) By September 1, 2006, and by September 1 of each subsequent calendar year that the California Military Family Relief Fund appears on a tax return, the Franchise Tax Board shall do all of the following:

(A) Determine the minimum contribution amount required to be received during the next calendar year for the fund to appear on the tax return for the taxable year that includes that next calendar year.

(B) Provide written notification to the Adjutant General of the amount determined in subparagraph (A).

(C) Determine whether the amount of contributions estimated to be received during the calendar year will equal or exceed the minimum contribution amount determined by the Franchise Tax Board for the calendar year pursuant to subparagraph (A). The Franchise Tax Board shall estimate the amount of contributions to be received by using the actual amounts received and an estimate of the contributions that will be received by the end of that calendar year.

(2) If the Franchise Tax Board determines that the amount of contributions estimated to be received during a calendar year will not at least equal the minimum contribution amount for the calendar year, this article is repealed with respect to taxable years beginning on or after January 1 of that calendar year.

(3) For purposes of this section, the minimum contribution amount for a calendar year means ~~two hundred fifty thousand dollars (\$250,000) for the 2006 calendar year or the minimum contribution amount adjusted pursuant to subdivision (c):~~

(A) *Two hundred fifty thousand dollars (\$250,000) for the 2006 calendar year.*

(B) *Two hundred thousand dollars (\$200,000) for the 2007 calendar year, and each calendar year thereafter.*

1 ~~(e) For each calendar year, beginning with calendar year 2007,~~  
2 ~~the Franchise Tax Board shall adjust, on or before September 1 of~~  
3 ~~that calendar year, the minimum contribution amount specified in~~  
4 ~~subdivision (b) as follows:~~

5 ~~(1) The minimum contribution amount for the calendar year~~  
6 ~~shall be an amount equal to the product of the minimum~~  
7 ~~contribution amount for the prior calendar year multiplied by the~~  
8 ~~inflation factor adjustment as specified in paragraph (2) of~~  
9 ~~subdivision (h) of Section 17041, rounded off to the nearest dollar.~~

10 ~~(2) The inflation factor adjustment used for the calendar year~~  
11 ~~shall be based on the figures for the percentage change in the~~  
12 ~~California Consumer Price Index received on or before August 1~~  
13 ~~of the calendar year pursuant to paragraph (1) of subdivision (h)~~  
14 ~~of Section 17041.~~

15 ~~(d)~~

16 ~~(c) Notwithstanding the repeal of this article, any contribution~~  
17 ~~amounts designated pursuant to this article prior to its repeal shall~~  
18 ~~continue to be transferred and disbursed in accordance with this~~  
19 ~~article as in effect immediately prior to that repeal.~~

20 ~~(e) Notwithstanding the amendments made to this section by~~  
21 ~~the act adding this subdivision, if, by September 1, 2006, the~~  
22 ~~Franchise Tax Board determines that the amount of contributions~~  
23 ~~estimated to be received during the 2006 calendar year will not be~~  
24 ~~at least two hundred fifty thousand dollars (\$250,000), this article~~  
25 ~~is repealed with respect to returns filed for taxable years beginning~~  
26 ~~on or after January 1, 2006.~~

27 SEC. 2. This act is an urgency statute necessary for the  
28 immediate preservation of the public peace, health, or safety within  
29 the meaning of Article IV of the Constitution and shall go into  
30 immediate effect. The facts constituting the necessity are:

31 In order to prevent California Military Families from losing a  
32 critical source of financial support and funding before the end of  
33 the fiscal year, it is necessary that this act take effect immediately.